Significant Index No. 0412.06-00

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

200230045

MAY 03 2002

T:EP:RA:T:A1

In re:

This letter constitutes notice that with respect to the above-named defined benefit pension plan we have granted a conditional waiver of the minimum funding standard for the plan year ended November 30, 2001.

This conditional waiver for the plan year ended November 30, 2001, has been granted in accordance with section 412(d) of the Internal Revenue Code and section 303 of the Employee Retirement Income Security Act of 1974 (ERISA). The waived amount is the contribution which would otherwise be required to reduce the balance in the funding standard account to zero as of the end of the plan year for which this conditional waiver has been granted.

The company has a December 1 to November 30 fiscal year. The Company had declining sales and negative earnings for the fiscal years ended November 30, 2000, and November 30, 2001. In addition, working capital was negative at the end of the fiscal years ended November 30, 2000, and November 30, 2001. The Company, however, anticipates a return to profitability, for the fiscal year ending November 30, 2002, as the result of improved profit margins arising from lower raw material purchase prices, improvements in manufacturing process yields, and a reduction of expense overhead to levels consistent with current demand.

As of December 1, 2000, the value of the assets of the plan was equal to 68% of the plan's current liability. Because the prospects for recovery are uncertain and because the plan is under-funded, we are granting this waiver subject to the following condition:

> The contributions required to satisfy the minimum funding standard for the plan years ending November 30, 2002, and November 30, 2003, are to be timely made as defined in section 412(c)(10) of the Code (without a waiver being granted for such years).

If this condition is not satisfied, the waiver is retroactively null and void. You agreed to this condition in a letter dated April 29, 2002.

Please note that nothing in this letter precludes a request for a modification of this condition. Please also note that should such a request be made, a new user fee will be required, and that the facts and circumstances at the time of such request as well as the facts and circumstances at the time of the initial request will be examined.

Your attention is called to section 412(f) of the Code and section 304(b) of ERISA which describe the consequences that would result in the event the plan is amended to increase benefits, change the rate in the accrual of benefits or to change the rate of vesting, while any portion of the waived funding deficiency remains unamortized. Please note that any amendment to other retirement plans maintained by the company to increase the liabilities of those plans, or the establishment of new plans, would be considered an amendment for purposes of section 412(f) of the Code and section 304(b) of ERISA.

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent.

When filing Form 5500 for the plan year ended November 30, 2001, the date of this letter should be entered on Schedule B (Actuarial Information). A copy of this letter is being sent to your authorized representative in accordance with a power of attorney (Form 2848) on file. A copy of this letter is also being sent to the Manager, Employee Plans Classification in A copy of this letter should be furnished to the enrolled actuary for the plan.

If you have any questions on this ruling letter, please contact

Sincerely,

James E. Holland, Jr.

James E. Holland, Jr., Manager
Employee Plans Actuarial Group 1